

## REVISED

**BILL #** HB 2819

**TITLE:** adult probation; county responsibility

**SPONSOR:** Pearce

**STATUS:** As Amended by Senate JUD

**PREPARED BY:** Russell Frandsen/Martin Lorenzo

## FISCAL ANALYSIS

### Description

HB 2819 would transfer funding responsibility for state juvenile probation costs in Maricopa County to Maricopa County in exchange for an equivalent reduction of Maricopa County contributions to AHCCCS programs. The bill increases the probation surcharge from \$5 to \$10 per offense in all counties except Maricopa County (who will set their own probation surcharge). The bill requires Maricopa County to increase the amount of the surcharge from the current amount of \$5 to some greater amount and retain the probation surcharge revenues collected by all courts located in Maricopa County.

### Estimated Impact

The bill does not have a General Fund impact in FY 2007 as the increase in the state's share of AHCCCS costs will offset the state savings from transferring juvenile probation programs to Maricopa County. In FY 2008 and beyond, the net fiscal impact will depend on the level of foregone probation costs in future years. That amount is difficult to predict in advance as the average annual growth for the state juvenile probation costs for Maricopa County has ranged from (9.7)% to 9.9% in the last 4 years.

Probation surcharge revenues distributed to counties other than Maricopa will increase by \$437,700 to \$2,668,400 and Maricopa County's allocation from the surcharge will increase by more than \$1,215,800 to more than \$1,960,700. However, since the Administrative Office of the Courts (AOC) has the ability to redistribute the additional surcharge monies between counties, non-Maricopa counties are not guaranteed a particular share of the increased revenue. These estimates assume the FY 2007 collections are unchanged from the FY 2006 estimated collections.

### Analysis

#### Current Law

Maricopa County currently operates a portion of juvenile probation services with funding from the state. Under current law, Maricopa County would receive approximately \$8,065,100 in FY 2007 for juvenile probation direct state aid costs, which represents the \$7,476,900 FY 2006 base including motor pool costs plus an additional \$588,200 for salary adjustments authorized by Laws 2006, Chapter 1.

In FY 2007, Maricopa County will pay \$180,874,000 toward AHCCCS costs. This payment includes \$31,192,200 in acute care contributions and a \$149,681,800 contribution to the Arizona Long Term Care System (ALTCS). The \$31,192,200 acute care contribution is annually reduced by the Gross Domestic Product price deflator as part of the exchange for Maricopa County assuming adult probation costs in FY 2004. The ALTCS county contributions are assessed to each county based on their utilization of long term care services.

#### Probation – AHCCCS Cost Exchange

The bill requires Maricopa County to fund juvenile state probation in exchange for an equivalent reduction of county contributions to the AHCCCS program. The reductions would be taken out of 2 contributions in the following order of priority: 1) acute care and 2) ALTCS. In FY 2007, this analysis assumes that Maricopa County would assume responsibility for approximately \$8,065,100 in probation costs. In return, Maricopa County would have an \$8,065,100 permanent reduction in acute care contributions and no reduction in ALTCS payments. In FY 2007, Maricopa County would make an acute contribution of \$23,127,100.

Future savings or costs may come from foregone state juvenile probation distributions to Maricopa County. State juvenile probation cost growth for Maricopa County has ranged from (9.7)% to 9.9% in the last 4 years. This trend makes it difficult to predict whether costs would increase or decrease in future years. An increase in future years would result in additional savings to the state, while a future decrease would result in additional costs to the state.

#### Probation Surcharge

Under current law, a probation surcharge of \$5 is applied to various criminal offenses, civil traffic violations, and game and fish statute violations throughout the state. All monies collected from the surcharge are deposited into the Judicial Collection Enhancement Fund (JCEF) and redistributed by the AOC to all counties to supplement other probation funding. In FY 2006, the AOC estimates total revenues from the surcharge will be \$3,294,900, of which \$2,742,600 would be deposited into JCEF.

An FY 2006 session law required Maricopa County to retain the monies it collects in from the probation surcharge. The AOC has interpreted the session law provision to allow Maricopa County to retain only the surcharge monies that are collected in the county (or Justice) courts in FY 2006. Of the \$1,960,700 in projected Maricopa surcharges, the county only is expected to receive \$744,900, which consists of \$552,000 of Justice Court surcharges and \$192,600 of other surcharges redistributed to Maricopa County.

Under HB 2819, Maricopa County would be required to: 1) increase the surcharge to some greater amount that will be determined by the County, and 2) retain all revenues collected from the surcharge in all courts located in the county. While it is unclear what amount Maricopa County will increase the probation surcharge to, if revenues were the same as they are estimated to be in FY 2006, the county would receive at least \$1,215,800 more than they receive under current law since that amount is currently redistributed amongst all other counties.

Additionally, HB 2819 increases the probation surcharge in all non-Maricopa counties from \$5 to \$10, resulting in revenues to JCEF from counties other than Maricopa of \$2,668,400. Since non-Maricopa counties currently receive \$2,230,700, this higher surcharge results in an additional \$437,700 that can be redistributed to all counties other than Maricopa County.

**Table 1**

#### **Probation Surcharge Revenues and Distributions**

	<u>FY 2006 Estimated</u>		<u>Estimate Under HB 2819</u>	
	<u>Revenues received from:</u>	<u>Revenues distributed to:</u>	<u>Revenues for distribution in:</u>	<u>Net benefit to:</u>
Maricopa County	\$1,960,700	\$ 744,900	\$1,960,700 <sup>1/</sup>	\$1,215,800 <sup>1/</sup>
All Other Counties	1,334,200	2,230,700	2,668,400	437,700
Unallocated	<u>NA</u>	<u>319,300</u>	<u>NA</u>	<u>(319,300)</u>
	\$3,294,900	\$3,294,900	\$4,629,100	\$1,334,200

<sup>1/</sup> While the revenue collected in and retained by Maricopa County is unknown due to the county being required to increase the probation surcharge to an unspecified amount, this estimate assumes the surcharge is unchanged from the current amount of \$5.

To simplify the calculations, the above example did not adjust for population growth and assumes that AOC's redistribution of FY 2007 probation surcharges would be the same as FY 2006. The analysis assumes that AOC's appropriation is reduced by the \$8,065,100 FY 2007 Maricopa County's juvenile probation costs.

#### **Local Government Impact**

In addition to the discussion above, there are several other potential impacts to Maricopa County. With respect to probation, the legislation exempts Maricopa County from maintaining the caseload ratios currently in statute. As a result, the potential costs of probation in upcoming fiscal years may vary due to the actual number of officers and staff Maricopa County employs.